



**Kabel Deutschland**  
Ein Vodafone Unternehmen.

## INVESTOR RELATIONS RELEASE

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### **Kabel Deutschland reports positive start into fiscal year 2015/16**

**Unterfoehring, August 6, 2015** – Kabel Deutschland Holding AG ('Kabel Deutschland', 'KDH' or 'the Company'), Germany's largest cable network operator, today released its consolidated financial results for the first quarter ended June 30, 2015 of fiscal year 2015/16 ending March 31, 2016.

#### **Highlights for the first quarter ended June 30, 2015:**

- Internet RGUs<sup>(1)</sup> grew by 102 thousand quarter on quarter. The Company now reports 2.7 million Internet RGUs. Net additions from managed migrations from Vodafone DSL amounted to ~22 thousand in the first quarter
- Premium TV<sup>(2)</sup> RGUs increased by 38 thousand net adds quarter on quarter to a total of 2.6 million Pay TV and DVR RGUs
- Total blended ARPU per subscriber<sup>(3)</sup> for the quarter reached €19.25 – up by €1.39 or 7.8% on the prior year's first quarter
- Revenue grew by 7.1% year on year to €526 million
- Adjusted EBITDA (EBITDA)<sup>(4)</sup> increased by 6.6% year on year to €241 million with an EBITDA margin<sup>(5)</sup> of 45.8%
- The Company spent 22.0% of revenues or €116 million on regular Capex<sup>(6)</sup>, and €12 million on program Alpha. Operating free cash flow (EBITDA-Capex) amounted to €113 million
- The Company posted a net profit of €66 million or €0.75 per share (versus a net profit of €47 million or €0.53 per share in the first quarter of last year)

The following table summarizes the key performance indicators for the first quarter of fiscal year 2015/16 in comparison with previous years.

### Kabel Deutschland Holding AG Summary Table

<i>As of</i>	<i>Unit</i>	June 30, 2013	June 30, 2014	June 30, 2015	<i>yoy change</i>
<b>Subscribers</b>					
Direct Basic Cable subscribers	# '000	7,179	7,116	7,113	0.0%
Internet & Phone 'Solo' subscribers <sup>(7)</sup>	# '000	402	482	606	25.7%
<b>Total direct subscribers</b>	<b># '000</b>	<b>7,581</b>	<b>7,598</b>	<b>7,719</b>	1.6%
Indirect Basic Cable subscribers	# '000	822	729	613	-15.9%
<b>Total unique subscribers (homes connected)</b>	<b># '000</b>	<b>8,403</b>	<b>8,327</b>	<b>8,331</b>	0.0%
<i>    Thereof subscribers taking Internet &amp; Phone services</i>	# '000	2,013	2,347	2,793	19.0%
<b>RGUs</b>					
Premium TV	# '000	2,094	2,372	2,564	8.1%
<i>    Thereof Pay TV</i>	# '000	1,290	1,389	1,425	2.6%
<i>    Thereof DVR</i>	# '000	804	983	1,139	15.9%
Internet	# '000	1,906	2,261	2,730	20.7%
Phone	# '000	1,895	2,204	2,646	20.1%
<b>Subtotal Growth Business<sup>(8)</sup></b>	<b># '000</b>	<b>5,895</b>	<b>6,836</b>	<b>7,939</b>	16.1%
Basic Cable <sup>(9)</sup>	# '000	8,498	8,251	8,068	-2.2%
<b>Total RGUs</b>	<b># '000</b>	<b>14,393</b>	<b>15,087</b>	<b>16,007</b>	6.1%
<i>RGUs per subscriber</i>		1.71	1.81	1.92	6.1%
<b>For the period</b>					
	<i>Unit</i>	Q1 FY 2013/14	Q1 FY 2014/15	Q1 FY 2015/16	<i>yoy change</i>
<b>ARPU per subscriber</b>					
Total blended TV ARPU <sup>(10)</sup>	€	10.66	10.97	11.20	2.1%
Total blended Internet & Phone ARPU <sup>(11)</sup>	€	27.85	27.11	26.80	-1.1%
<b>Total blended ARPU</b>	<b>€</b>	<b>16.71</b>	<b>17.86</b>	<b>19.25</b>	7.8%
<b>Revenue</b>					
TV Business revenue	€m	290	292	293	0.1%
Internet and Phone Business revenue	€m	174	199	233	17.3%
<b>Total Revenue</b>	<b>€m</b>	<b>464</b>	<b>491</b>	<b>526</b>	7.1%
<b>Adjusted EBITDA</b>					
Adjusted EBITDA	€m	217	226	241	6.6%
<i>    Thereof adjustments for share-based payment expenses</i>	€m	33	2	3	
<i>    Thereof other adjustments</i>	€m	3	0	0	
<b>Adjusted EBITDA margin</b>		<b>46.8%</b>	<b>46.0%</b>	<b>45.8%</b>	
<b>Net Profit / Loss for the Period</b>	<b>€m</b>	<b>29</b>	<b>47</b>	<b>66</b>	
<b>Total Capex (incl. Alpha)</b>	<b>€m</b>	<b>108</b>	<b>141</b>	<b>128</b>	-9.6%
<b>Capex to sales ratio</b>		<b>23.3%</b>	<b>28.7%</b>	<b>24.2%</b>	
<b>Adjusted EBITDA - Capex (OpFCF)<sup>(12)</sup></b>	<b>€m</b>	<b>109</b>	<b>85</b>	<b>113</b>	33.3%
<b>OpFCF margin</b>		<b>23.5%</b>	<b>17.3%</b>	<b>21.5%</b>	

## Operational Performance

In the first quarter of fiscal year 2015/16, momentum in Kabel Deutschland's Internet business continued to be strong with 102 thousand net additions quarter on quarter. This includes managed migrations from Vodafone DSL of approximately 22 thousand. Over the last twelve months, the Company added 469 thousand Internet RGUs and reports a total RGU base of 2,730 thousand as of June 30, 2015. The total blended Internet & Phone ARPU increased by €0.21 versus the previous quarter and amounted to €26.80.

In Premium TV, Kabel Deutschland recorded 38 thousand RGU net additions in the first quarter of fiscal year 2015/16, reaching 2,564 thousand as of June 30, 2015. HD Private<sup>(13)</sup> increased to 2,130 thousand activated smartcards (versus 1,807 thousand one year earlier). As a result of a better product mix and growing Premium TV penetration, the total blended TV ARPU per subscriber improved to €11.20 in the first quarter.

Kabel Deutschland's direct subscriber base expanded to 7.7 million (growth of 121 thousand net adds year on year) out of a total of 8.3 million unique subscribers. The overall RGU base increased by 920 thousand or 6.1% from the previous year to 16.0 million at the end of June 2015. Due to the increasing penetration of our growth business activities, the RGU per subscriber ratio climbed to 1.92 (1.81 one year ago) and the total blended ARPU per subscriber increased to €19.25, up by €1.39 or 7.8% year on year.

## Financial Results

Kabel Deutschland achieved revenue growth of 7.1% year on year to €526 million. TV Business revenue increased by 0.1% to €293 million while Internet & Phone Business revenue grew strongly by 17.3% to €233 million.

EBITDA for the first quarter amounted to €241 million compared to €226 million one year earlier (up 6.6%) with an EBITDA margin of 45.8% (46.0% in the first quarter of fiscal year 2014/15).

To support subscriber growth and network enhancements the Company spent €128 million on Capex with €116 million or 22.0% of revenues on regular Capex and €12 million or 2.3% on program Alpha. €81 million or 70% of the regular Capex was success-based.

Kabel Deutschland generated €113 million of operating free cash flow, which translates into an operating free cash flow margin of 21.5%.

The Company posted a net profit of €66 million, representing earnings per share of €0.75 (net profit of €47 million and EPS of €0.53 in the first quarter of last fiscal year).

## Business Outlook

Based on further expanding its Internet & Phone customer base as well as upselling its Premium TV products with a strong foundation in the TV distribution market, Kabel Deutschland is well positioned to achieve continued growth. The Management Board of Kabel Deutschland announced the following guidance for the current fiscal year 2015/16 on May 18, 2015:

- Mid to high single-digit revenue growth compared to fiscal year 2014/15
- Mid to high single-digit adjusted EBITDA growth compared to fiscal year 2014/15 (applying same adjustment items as in previous years)
- Adjusted EBITDA minus Capex to increase to over €300 million (from €236 million in fiscal year 2014/15)
- Shareholder remuneration will be independent of operating performance as a consequence of the domination and profit and loss transfer agreement, which provides for a recurring compensation payment per share of €3.77 gross (€3.17 net based on current taxation), payable for the first time after the Annual General Meeting in October 2015.

## Recent Developments

- On July 1, 2015, Kabel Deutschland announced that its Supervisory Board had elected Dirk Barnard as new chairman. Jens Schulte-Bockum and Annet Aris resigned from their positions on the Supervisory Board. Ingrid Haas (Vodafone Deutschland) and Dr. Christoph Clément (Vodafone Deutschland) were appointed by court as new members of the Supervisory Board.

## Additional Information

The full financial report for the first quarter ended June 30, 2015 of fiscal year 2015/16 ending March 31, 2016 is available for download on the website at [www.kabeldeutschland.com](http://www.kabeldeutschland.com). This financial report includes, amongst others, the consolidated statement of financial position as of June 30, 2015 and March 31, 2015, the consolidated statement of income for the period from April 1, 2015 to June 30, 2015 (and the respective prior year period) and the consolidated statement of cash flows for the period from April 1, 2015 to June 30, 2015 (and the respective prior year period).

The financials for Kabel Deutschland Holding AG's six months and second quarter of the current fiscal year ending on March 31, 2016 will be released on November 9, 2015.

About Kabel Deutschland – A Vodafone Company

The Vodafone Company Kabel Deutschland ('KD'), Germany's largest cable operator, offers its customers high definition (HD), digital (SD) and analog TV, Pay TV and DVR offerings, Video on Demand, broadband Internet (up to 200 Mbit/s), WiFi services and fixed-line Phone services via cable. Kabel Deutschland also distributes mobile services. Situated in Unterfoehring near Munich, the publicly listed company (MDAX, MSCI Europe, Stoxx 600 Europe) operates cable networks in 13 German federal states and supplies its services to approximately 8.3 million connected households. As of March 31, 2015, Kabel Deutschland had approximately 3,900 employees. For the fiscal year ended March 31, 2015, Kabel Deutschland reported revenues of €2,021 million and an Adjusted EBITDA of €939 million. Kabel Deutschland reports its financials applying the accounting policies as defined in its annual report and quarterly reports, which differ in certain respects from the accounting policies of Vodafone Group Plc.

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This release is also available at [www.kabeldeutschland.com](http://www.kabeldeutschland.com).

This Investor Relations release may contain forward-looking statements. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Although we believe that such forward-looking statements are reasonable, we cannot assure you that any forward-looking statements will prove to be correct. Such forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Investor Relations release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements.

This Investor Relations release may contain references to certain non-GAAP financial measures, such as Adjusted EBITDA and Capex, and operating measures, such as RGUs, ARPU, Unique subscribers pro forma calculation. These supplemental financial and operating measures should not be viewed in isolation as alternatives to measures of Kabel Deutschland's financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. The non-GAAP financial and operating measures used by Kabel Deutschland may differ from, and not be comparable to, similarly titled measures used by other companies. For further information please see in particular the footnotes in this Investor Relations release and the financial statements.

We disclaim any obligation to publicly update or revise any forward-looking statements or other information contained in this Investor Relations release. It is pointed out that the present Investor Relations release may be incomplete or condensed, and it may not contain all material information concerning Kabel Deutschland Holding AG or the Kabel Deutschland Group.

**Kabel Deutschland Holding AG, Unterfoehring**  
**Network data, Subscribers, Revenue Generating Units and ARPUs**

	June 30, 2014	March 31, 2015	June 30, 2015	qoq change	qoq change %	yoy change	yoy change %
<b>Network (in thousands)</b>							
Homes Passed	15,248	15,246	15,266	20	0.1%	18	0.1%
Homes Passed upgraded for two-way communication	14,294	14,645	14,708	63	0.4%	414	2.9%
<i>Upgraded homes as % of Homes Passed</i>		96.1%	96.3%				
Homes upgraded for two-way communication being marketed <sup>(14)</sup>	11,880	12,062	12,067	5	0.0%	187	1.6%
<b>Subscribers (in thousands)</b>							
Direct Basic Cable subscribers	7,116	7,115	7,113	-2	0.0%	-3	0.0%
Internet & Phone 'Solo' subscribers	482	576	606	30	5.2%	124	25.7%
<b>Total direct subscribers</b>	<b>7,598</b>	<b>7,692</b>	<b>7,719</b>	<b>27</b>	<b>0.4%</b>	<b>121</b>	<b>1.6%</b>
Indirect Basic Cable subscribers	729	616	613	-3	-0.5%	-116	-15.9%
<b>Total unique subscribers (homes connected)</b>	<b>8,327</b>	<b>8,308</b>	<b>8,331</b>	<b>23</b>	<b>0.3%</b>	<b>4</b>	<b>0.0%</b>
<i>Thereof Internet &amp; Phone subscribers</i>	2,347	2,697	2,793	96	3.6%	446	19.0%
<b>RGUs (in thousands)</b>							
Premium TV	2,372	2,526	2,564	38	1.5%	192	8.1%
<i>Thereof Pay TV</i>	1,389	1,424	1,425	1	0.1%	36	2.6%
<i>Thereof DVR</i>	983	1,102	1,139	37	3.4%	156	15.9%
Internet	2,261	2,628	2,730	102	3.9%	469	20.7%
Phone	2,204	2,547	2,646	99	3.9%	442	20.1%
<b>Subtotal Growth Business</b>	<b>6,836</b>	<b>7,701</b>	<b>7,939</b>	<b>238</b>	<b>3.1%</b>	<b>1,103</b>	<b>16.1%</b>
<i>In % of total RGUs</i>	45.3%	48.8%	49.6%				
Basic Cable	8,251	8,087	8,068	-19	-0.2%	-183	-2.2%
<b>Total RGUs</b>	<b>15,087</b>	<b>15,787</b>	<b>16,007</b>	<b>220</b>	<b>1.4%</b>	<b>920</b>	<b>6.1%</b>
<b>RGUs per subscriber (in units)</b>	<b>1.81</b>	<b>1.90</b>	<b>1.92</b>	<b>0.02</b>	<b>1.1%</b>	<b>0.11</b>	<b>6.1%</b>
<b>Market Penetration</b>							
<i>Premium TV RGUs as % of Basic Cable subscribers</i>	30.2%	32.7%	33.2%				
<i>Internet RGUs as % of total unique subscribers</i>	27.2%	31.6%	32.8%				
<i>Phone RGUs as % of total unique subscribers</i>	26.5%	30.7%	31.8%				
<b>ARPU per subscriber for the quarter ended (in €/month)</b>							
Total blended TV ARPU	10.97	11.15	11.20	0.05	0.4%	0.23	2.1%
Total blended Internet & Phone ARPU	27.11	26.59	26.80	0.21	0.8%	-0.31	-1.1%
<b>Total blended ARPU for the quarter</b>	<b>17.86</b>	<b>18.83</b>	<b>19.25</b>	<b>0.42</b>	<b>2.2%</b>	<b>1.39</b>	<b>7.8%</b>

## Footnotes

- (1) **RGU** (revenue generating unit) relates to sources of revenue, which may not always be the same as subscriber numbers. For example, one subscriber may subscribe to two different services, in which case two RGUs would be assigned to that one subscriber.
- (2) **Premium TV** consists of RGUs for our Pay TV products (Vielfalt HD and TV International) as well as our DVR products TV Komfort HD and TV Komfort Vielfalt HD.
- (3) **Total blended ARPU per subscriber** is calculated by dividing recurring TV and Internet and Phone subscription revenue including usage dependent fees (excluding installation fees and other non-recurring revenue) generated in the relevant period in the TV Business and Internet and Phone Business segments by the sum of the monthly average number of total unique subscribers in that period.
- (4) **EBITDA** consists of profit from ordinary activities before depreciation and amortization. We calculate 'Adjusted EBITDA' as profit from ordinary activities before depreciation and amortization, expenses related to share-based payment programs, expenses related to takeover and changes in norms, expenses related to restructuring / legal reorganization, and expenses related to restructuring of the network infrastructure.
- (5) **EBITDA margin** is a calculation of Adjusted EBITDA as a percentage of total revenue.
- (6) **Capital expenditure (Capex)** consists of cash paid for investments in intangible assets as well as property and equipment and does not include cash paid for acquisitions.
- (7) **Internet & Phone 'Solo' subscribers** are non-Basic Cable service customers subscribing to Internet and / or Phone services only.
- (8) **Growth Business** consists of Premium TV as well as Internet & Phone.
- (9) **Basic Cable RGUs:** The difference between the number of Basic Cable subscribers and Basic Cable RGUs is due to the additional digital product component, 'Kabel Digital'. Until the end of fiscal year 2012/13, it was sold directly to the end customer in addition to the analog Basic Cable service, which is provided and billed via a housing association. A customer subscribing to the Kabel Digital product is counted as one Basic Cable subscriber (analog service via a housing association) and two Basic Cable RGUs (analog service via a housing association and digital service via a direct contract with the end customer).
- (10) **Total blended TV ARPU per subscriber** is calculated by dividing the subscription revenue (excluding installation fees and other non-recurring revenue) generated for a specified period from our TV Business products by the sum of the monthly average number of Basic Cable subscribers in that period.
- (11) **Total blended Internet & Phone ARPU per subscriber** is calculated by dividing the Internet and Phone subscription revenue including usage dependent fees (excluding installation fees and other non-recurring revenue) generated in the relevant period by the sum of the monthly average number of Internet and Phone subscribers of these products in that period.
- (12) **Operating free cash flow:** Adjusted EBITDA less Capex.
- (13) **HD Private** is not counted as RGU.
- (14) **Homes upgraded for two-way communication being marketed** are those homes to which we currently sell our Internet and / or Phone products.